Arguably, the second most powerful person in the world is the chairman of the Federal Reserve Board of Governors, and a particularly influential and beloved Fed Chair was Alan Greenspan. Alan Greenspan started as an economic consultant with his own firm and became the Chair of the President's Council of Economic Advisors under President Ford, but it was as the Chairman of the Fed that he really left his mark on history.

He was first appointed to lead the Fed in 1987 by President Reagan, and he was subsequently reappointed by Presidents Bush, Clinton, and Bush an unprecedented five times. Alan Greenspan's approach to governing the Fed was transparency: make clear to the markets and the public where the Fed is taking monetary policy, and after each meeting of the Federal Open Market Committee he would publish minutes from the meeting so that people knew where economic policy and interests rates might be headed. This caused markets and the public to have tremendous confidence in his leadership, and also to his commitment to fighting inflation, which he made no bones was his primary concern. However, Alan Greenspan never foreswore the flexibility needed to use monetary policy in the event of an emergency. In 1987, when the stock market crashed, he was there to put liquidity into the system as needed to keep the stock market from dragging down the economy. After the attacks of September 11, 2001, he made it very clear that banks were going to have any of the liquidity that they might need in order to prevent runs on banks or knock-on effects on the economy at large.

If you look at his tenure in office, you can see that was characterized by a reduction in both the unemployment rate and the inflation rate – an extraordinary accomplishment that was largely due to his commitment to lowering inflationary expectations. By making clear that the inflation rate should be low, Alan Greenspan left no doubt in people's minds that that's where things were headed, and any time inflation would tick upwards, monetary policy would compensate even if it meant temporary increases in unemployment. The end result, however, was a general foundation of prosperity on which the United States economy built in the 1990's and the early part of the new millennium. Alan Greenspan was, in fact, so effective and beloved as the head central banker that he was knighted by Queen Elizabeth in 2002, and is widely regarded as the most effective central banker ever; clearly, a tough act to follow.

Mr. Greenspan's successor is Ben Bernanke, who was a professor at Princeton University and served as the chair of the President's Council of Economic Advisors from 2005 to 2006. He is committed to following the same approach to controlling inflation; however, he favors more explicit targets for the inflation rate as opposed to the more flexible approach that Mr. Greenspan espoused. By the way, both of these powerful gentlemen were economics majors. Mr. Greenspan got his degrees from New York University and Mr. Bernanke got his from Harvard and MIT.